Indústrias Romi S.A.

Quarterly Information (ITR) at
March 31, 2018
and reporting on review of quarterly information

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Independent auditor's review report on quarterly financial information

Introduction

We have reviewed the individual and consolidated interim financial information of Indústrias Romi S.A. (Company) contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2018, comprising the statement of financial position at March 31, 2018, and the related statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for the three-month period then ended including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and *ISRE 2410* - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

Reversal of provision for ICMS tax on sales included in the PIS and COFINS calculation bases

As disclosed in Note 14, as at December 31, 2018, the Company recorded in its Provision for tax, labor and civil contingencies the amount of R$ 54,496 thousand (53,736 thousand as of December 31, 2017) related to the effect of the exclusion of State VAT (ICMS) from the Contribution Tax on Gross Revenue for Social Integration Program (PIS) and the Contribution Tax on Gross Revenue for Social Security Financing (COFINS) bases, which were not collected from November 2006 to March 2018 but were deposited in court in that period. In a high-profile decision handed down by the Federal Supreme Court (STF) on March 15, 2017, the STF justices understood that the ICMS tax is not to be included in the PIS and COFINS contribution tax bases. Accordingly, based on the guidelines set down in CPC 25/IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, we understand that it is no longer probable that an outflow of resources that incorporate future economic benefits will be required to settle this obligation and, therefore, this provision should have been reversed at the statement of financial position date. As a consequence, at March 31, 2018, the amount of individual and consolidated noncurrent assets and total assets are understated by R$ 82,070 thousand (R$ 81,320 thousand at December 31, 2017), whilst individual and consolidated equity at March 31, 2018 and individual and consolidated net income for the 3-month period then ended are understated by R$54,166 thousand (R$ 53,671 thousand at December 31, 2017) and R$495 thousand, respectively, net of tax effects.

Modified conclusion on the interim individual and consolidated financial information

Based on our review, except for the effects of the matter described in the “Basis for qualified conclusion” section of our report, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added (SVA), for the three-month period ended March 31, 2018, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in a manner consistent with the overall accompanying individual and consolidated interim financial information.

Campinas, April 17, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP034519/O-6

Luís Alexandre Marini
Accountant CRC-1SP182975/O-5

INDÚSTRIAS ROMI S.A.

STATEMENT OF FINANCIAL POSITION

(In thousands of reais unless otherwise stated)

ASSETS	Note	Parent March 31, 2018	Parent December 31, 2017	Consolidated março 31, 2018	Consolidated dezembro 31, 2017
CURRENT ASSETS					
Cash and cash equivalents	3	41,186	69,806	74,088	105,682
Short-term investments	3	12,944	13,670	12,944	13,670
Trade accounts receivable	4	79,709	70,359	119,832	120,303
Onlending of FINAME manufacturer financing	5	82,131	88,114	82,131	88,114
Inventories	6	175,159	162,517	273,233	241,891
Related parties	8	47,916	42,052	-	-
Taxes recoverable		8,884	7,119	13,436	11,780
Other receivables		10,085	8,594	12,568	10,753
		458,014	462,231	588,232	592,193
NONCURRENT ASSETS					
Trade accounts receivable	4	11,852	11,310	11,852	11,310
Onlending of FINAME manufacturer financing	5	76,272	79,819	76,272	79,819
Taxes recoverable		894	778	894	778
Deferred income tax and social contribution	15	49,203	49,426	49,975	49,426
Judicial deposits	14	2,092	2,057	2,092	2,057
Other receivables		9,557	10,835	9,855	11,125
		149,870	154,225	150,940	154,515
Investment in subsidiary and associated companies	7	136,568	137,727	-	-
Property, plant and equipment	10	192,524	190,852	260,980	257,939
Investment properties	9	13,500	13,500	18,602	18,602
Intangible assets	11	1,047	1,124	52,928	52,174
		493,509	497,428	483,450	483,230
TOTAL ASSETS		951,523	959,659	1,071,682	1,075,423

LIABILITIES AND EQUITY	Note	Parent March 31, 2018	Parent December 31, 2017	Consolidated March 31, 2018	Consolidated December 31, 2017
CURRENT LIABILITIES					
Borrowings	12	72,626	71,246	75,039	74,170
FINAME manufacturer financing	13	54,161	55,463	54,161	55,463
Trade accounts payable		37,455	27,405	47,697	33,802
Payroll and related taxes		17,602	20,484	26,929	28,148
Taxes payable		1,742	4,918	2,470	5,896
Advances from customers		10,014	12,755	52,911	56,512
Profit sharing		-	1,551	-	1,551
Dividends and interest on capital		105	8,335	105	8,335
Other payables		6,534	5,802	17,841	16,649
Related parties	8	705	778	-	-
Provision for net capital deficiency - subsidiary	7	1,156	664	-	-
		202,100	209,401	277,153	280,526
Borrowings					
Borrowings	12	30,802	34,748	42,912	47,066
FINAME manufacturer financing	13	71,404	72,770	71,404	72,770
Provision for tax, labor and civil risks	14	397	768	1,214	1,561
Other payables		-	3	113	115
Deferred income tax and social contribution	15	-	-	30,573	29,885
		102,603	108,289	146,216	151,397
TOTAL LIABILITIES		304,703	317,690	423,369	431,923
EQUITY					
Capital	16	492,025	492,025	492,025	492,025
Capital reserve	16	118,960	118,960	118,960	118,960
Profit for the period	16	1,799	-	1,799	-
Cumulative translation adjustments	16	34,036	30,984	34,036	30,984
		646,820	641,969	646,820	641,969
NON-CONTROLLING INTEREST		-	-	1,493	1,531
TOTAL EQUITY		646,820	641,969	648,313	643,500
TOTAL LIBILITIES AND EQUITY		951,523	959,659	1,071,682	1,075,423

The accompanying notes are an integral part of these Interim financial statements.

INDÚSTRIAS ROMI S.A.

STATEMENT OF PROFIT OR LOSS
QUARTERS ENDED MARCH 31
(In thousands of reais unless otherwise stated)

		Parent		Consolidated	
	Note	**2018**	**2017**	**2018**	**2017**
Net Operating revenue		100,106	108,070	132,647	146,525
Cost of sales and services		(75,784)	(83,418)	(97,888)	(110,281)
Gross profit		24,322	24,652	34,759	36,244
Operation income (expenses)					
Selling		(9,067)	(8,139)	(16,153)	(14,659)
General and administrative		(6,141)	(6,919)	(13,367)	(12,906)
Research and development		(3,883)	(4,052)	(3,883)	(4,052)
Management profit sharing and fees	8	(1,433)	(1,430)	(1,456)	(1,453)
Equity in earnings of subsidiaries	7	(3,702)	(954)	-	-
Other operating income, net		958	150	744	142
		(23,268)	(21,344)	(34,115)	(32,928)
Operating profit		1,054	3,308	644	3,316
Finance income (costs)					
Finance income		3,050	3,764	3,478	4,285
Finance costs		(2,040)	(3,713)	(2,601)	(4,067)
Foreign exchange gains, net		300	(738)	304	(735)
		1,310	(687)	1,181	(517)
Profit before taxation		2,364	2,621	1,825	2,799
Income tax and social contribution		(565)	(606)	11	(735)
Profit for the period		1,799	2,015	1,836	2,064
Attributable to:					
Controlling interests				1,799	2,015
Non-controlling interests				37	49
Basic and diluted earnings (loss) per share (R$)				1,836	2,064
Basic and diluted earnings per share (R$)	16	0.03	0.03		

The accompanying notes are an integral part of these Interim financial statements.

INDÚSTRIAS ROMI S.A.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)
QUARTERS ENDED MARCH 31
(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	2018	**2017**	**2018**	**2017**
Profit for the period	1,799	2,015	1,836	2,064
Foreign currency translation effects	3,052	(1,552)	3,052	(1,552)
Comprehensive profit for the period	4,851	463	4,888	512
Attributable to:				
Controlling interests			4,851	463
Non-controlling interests			37	49
			4,888	512

The accompanying notes are an integral part of these Interim financial statements.

INDÚSTRIAS ROMI S.A.

STATEMENT OF CHANGES IN EQUITY
(In thousands of reais unless otherwise stated)

	Attributable to the controlling interests								
		Income reserve			Other				
	Capital	**Retained earnings**	**Legal reserve**	**Total**	**comprehensive income (loss)**	**Profit for the period**	**Total**	**Non-controlling interests**	**Total**
At December 31, 2016	**492,025**	**48,488**	**41,755**	**90,243**	**17,694**	**-**	**599,962**	**1,570**	**601,532**
Profit for the period	-	-	-	-	-	2,015	2,015	49	2,064
Foreign currency translation effects	-	-	-	-	(1,552)	-	(1,552)		(1,552)
Total comprehensive income (loss) for the period	-	-	-	-	(1,552)	2,015	463	49	512
Dividends paid by subsidiary	-	-	-	-	-	-	-	(113)	(113)
At March 31, 2017	**492,025**	**48,488**	**41,755**	**90,243**	**16,142**	**2,015**	**600,425**	**1,506**	**601,931**
At December 31, 2017	**492,025**	**75,322**	**43,638**	**118,960**	**30,984**	**-**	**641,969**	**1,531**	**643,500**
Profit for the period	-	-	-	-	-	1,799	1,799	37	1,836
Foreign currency translation effects	-	-	-	-	3,052	-	3,052	-	3,052
Total comprehensive income (loss) for the period	-	-	-	-	3,052	1,799	4,851	37	4,888
Dividends paid by subsidiary	-	-	-	-	-	-	-	(75)	(75)
At March 31, 2017	**492,025**	**75,322**	**43,638**	**118,960**	**34,036**	**1,799**	**646,820**	**1,493**	**648,313**

The accompanying notes are an integral part of these Interim financial statements.

INDÚSTRIAS ROMI S.A.

STATEMENT OF CASH FLOW
FOR THE QUARTERS ENDED MARCH 31
(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	2018	**2017**	**2018**	**2017**
Cash flows from operating activities				
Profit before taxation	**2,364**	**2,621**	**1,825**	**2,799**
Adjustments from:				
Finance expenses (revenue) and exchange rate	(78)	2,673	448	2,478
Depreciation and amortization	6,426	6,040	8,248	7,513
Allowance for doubtful accounts and for other receivables	(319)	407	(737)	420
Provision for inventory losses	(1,042)	(1,963)	(839)	(2,475)
Cost of property, palnt and equipment and disposals of intangible assets	(684)	(383)	(684)	(297)
Equity in earnings of subsidiaries	3,702	954	-	-
Provision for contingent liabilities	1,553	(3,150)	1,553	(3,511)
Change in operating assets and liabilities				
Financial investments	726	(534)	726	(534)
Trade accounts receivable	(7,196)	(18,034)	3,043	(18,130)
Related parties (assets and liabilities)	(5,945)	580	-	-
Onlending of Finame manufacturer financing	11,737	16,305	11,737	16,305
Inventories	(11,600)	18,669	(30,502)	17,028
Taxes receivable	(2,226)	3,960	(2,321)	3,642
Judicial deposits	(1,132)	(578)	(1,132)	(578)
Other credits	1,063	(745)	731	(1,430)
Trade accounts payable	9,819	(8,090)	13,664	(7,519)
Payroll and related taxes	(3,273)	2,568	(1,610)	4,641
Taxes payable	(2,983)	309	(2,448)	(1,252)
Advances from costumers	(2,741)	(1,091)	(3,601)	(122)
Other payables	(1,471)	1,720	(1,014)	1,043
Cash from (used in) operations	(3,300)	22,238	(2,913)	20,021
Income tax and social contribuition paid	(193)	(593)	(279)	(842)
Net cash from (used in) operations	(3,493)	21,645	(3,192)	19,179
Cash flow from investing activities				
Purchase of property, plant and equipment	(8,106)	(3,091)	(8,800)	(3,394)
Intangible increase	-	(613)	(8)	(671)
Disposal of property, plant and equipment	769	494	769	494
Capital increase	1,001	1,528	-	-
Net cash used in investing activities	(6,336)	(1,682)	(8,039)	(3,571)
Cash flow from financing activties				
Interest on capital and dividends paid	(8,230)	-	(8,305)	(113)
New borrowings	5,572	1,801	5,572	1,801
Financing repaid	(8,773)	(9,841)	(9,436)	(12,823)
Interest paid	(1,540)	(2,894)	(2,106)	(3,363)
New Finame - manufacturer financing	11,764	4,759	11,764	4,759
Payment of Finame - manufacturer financing	(14,736)	(18,497)	(14,736)	(18,497)
Interest paid re. Finame - manufacturer financing	(2,848)	(1,657)	(2,848)	(1,657)
Net cash used in financing activities	(18,791)	(26,329)	(20,095)	(29,893)
Decrease in cash and cash equivalents	(28,620)	(6,366)	(31,326)	(14,285)
Cash and cash equivalents at beginning of period	69,806	60,671	105,682	101,510
Foreign exchange losses of cash equivalents of foreign subsidiaries	-	-	(268)	(11)
Cash and cash equivalents at end of period	41,186	54,305	74,088	87,214

The accompanying notes are an integral part of these Interim financial statements.

INDÚSTRIAS ROMI S.A.

STATEMENT OF VALUE ADDED
FOR THE QUARTERS ENDED MARCH 31
(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	2018	**2017**	**2018**	**2017**
Revenues				
Sales of products and services	117,635	123,934	150,193	162,406
Allowance for doubtful accounts and for other receivables	230	(482)	230	(482)
Other operating revenues, net	958	-	744	-
	118,823	123,452	151,167	161,924
Inputs acquired from third parties				
Materials used	(55,635)	(55,101)	(63,006)	(69,271)
Other costs of products and services	(2,858)	(5,082)	(5,998)	(7,777)
Elecritcy, third-party services and other expenses	(6,588)	(6,448)	(7,423)	(8,487)
	(65,081)	(66,631)	(76,427)	(85,535)
Gross value added	53,742	56,821	74,740	76,389
Depreciation and amortization	(6,426)	(6,040)	(8,248)	(7,513)
Net value added generated by the Company	47,316	50,781	66,492	68,876
Value added received through transfers				
Equity in earnings of subsidiaries	(3,702)	(954)	-	-
Finance income (costs) and net foreign exchange gains	3,348	(688)	3,782	(517)
Total value added to distribute	46,962	49,139	70,274	68,359
Distribution of value added				
Employees				
Payroll and related changes	24,158	28,109	46,044	46,600
Sales commission	1,120	889	1,120	889
Managment profit sharing and fees	1,433	1,430	1,456	1,453
Gain sharing	201	199	201	199
Taxes	15,885	12,233	16,131	12,585
Interests	2,040	3,713	2,601	4,067
Rentals	326	551	922	551
Non-controlling interests	-	-	(37)	(49)
Profit for the period	1,799	2,015	1,836	2,064
Value added distributed	46,962	49,139	70,274	68,359

The accompanying notes are an integral part of these Interim financial statements.

1 General information

Indústrias Romi S.A. (Parent) and its subsidiaries (jointly referred to as "Company" or "Consolidated"), listed on the "New Market" of B3 S.A. - Brasil, Bolsa, Balcão, since March 23, 2007, and headquartered in Santa Bárbara d'Oeste, São Paulo, are engaged in the manufacture and sale of capital goods in general, including machine tools, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts, as well as providing system analysis and developing data processing software related to the production, sale, and use of machine tools and plastic injectors; the manufacture and sale of raw cast parts and machined cast parts; the export, import and representation on its own account or on behalf of third parties; and the provision of related services. It also holds interest in other companies as a partner, shareholder or member in other civil or business entities, business ventures of any nature, in Brazil or abroad, as well as the management of its own and/or third-party assets.

The Company's industrial facilities consist of 11 plants in three units located in the city of Santa Bárbara d'Oeste, in the State of São Paulo, and one located in the city of Reutlingen, Germany. The latter is a large tooling machine manufacturer. It also holds interest in subsidiaries in Brazil and abroad.

This quarterly information was approved by the Company's Board of Directors and authorized for issue on April 17, 2018.

2 Basis of preparation and accounting policies

The Company's financial information for the quarter ended March 31, 2018 has been prepared in accordance with CVM Ruling No. 673, dated October 20, 2011, which approved accounting standard CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The accounting practices adopted by the Company in the preparation of the Company and consolidated quarterly financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2017 and, therefore, should be read in conjunction with those financial statements.

The purpose of the statement of value added is to disclose the wealth created by the Company and its distribution during a certain period, and is presented by the Company, as required by Brazilian Corporation Law, as an integral part of its individual quarterly information, and as supplementary information to the consolidated financial statements. That statement is not provided for, or required under IFRS.

(a) Notes included in the financial statements as at December 31, 2017 not included in this quarterly information

The quarterly information is presented in accordance with accounting pronouncement CPC 21 and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The preparation of this quarterly information involves judgment by the Company's management on the materiality and changes that should be disclosed in the accompanying notes. Accordingly, this quarterly information includes selected notes and does not comprise all notes presented for the year ended December 31, 2017. As permitted by Circular Letter 03/2011 of the Brazilian Securities and Exchange Commission (CVM), the following notes are not presented:

- Basis of preparation and accounting practices (Note 2);
- Pension plan (Note 17);
- Insurance (Note 18);
- Financial instruments and operational risks (Note 19):
- Net sales revenue (Note 22);
- Expenses by nature (Note 23);
- Finance income (costs) (Note 24); and
- Other operating revenue, net (Note 25).

(b) New and revised standards applied for the first time in 2018

The Company applied for the first time certain amendments to standards, effective for annual periods beginning on or after January 1, 2018. The nature and impact of each of these new standards and amendments are as follows:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 (CPC 47 – Revenue from Contracts with Customers) was issued in May 2014, and amended in April 2016, and establishes a five -step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The adoption is required for annual periods beginning on or after January 1, 2018, and the method known as cumulative effect will be adopted.

- Romi Machinery and B+W Machinery: Under these contracts the main performance obligation is expected to be the delivery of machines. The identification of other performance obligations such as the installation/technical delivery and training on the adoption of IFRS 15 have no significant effects on the Company's financial statements for the quarter ended March 31, 2018.

(In thousands of reais, unless otherwise stated)

- Cast and Machined Products: Under these contracts, the sale of equipment is generally expected to be the only performance obligation. Therefore, the adoption of IFRS 15 has no material impact on the Company's revenue and profit or loss.

3 Cash and cash equivalents and financial investments

	Parent		**Consolidated**	
	March 31, 2018	**December 31, 2017**	**March 31, 2018**	**December 31, 2017**
Cash and banks	2,279	2,899	10,599	14,545
Bank deposit certificates ("CDBs") (a)	3,607	10,839	22,310	29,380
Short-term investments backed by debentures (a)	13,368	19,445	13,368	19,442
Investment funds DI and fixed income	20,939	34,774	20,939	34,774
Short-term investments in foreign currency - US$ (Time deposit)	931	1,819	6,810	7,511
Other	62	30	62	30
Total cash and cash equivalents	41,186	69,806	74,088	105,682
Bank deposit certificates ("CDBs") (b)	12,944	13,670	12,944	13,670
Total assets held for trading	12,944	13,670	12,944	13,670

(a) These investments are substantially pegged to the Interbank Deposit Certificate ("CDI") rate.
(b) These investments are substantially pegged to the Interbank Deposit Certificate ("CDI") rate and are pledged as collateral for commitments assumed.

(In thousands of reais, unless otherwise stated)

4 Trade notes receivable

	Parent		**Consolidated**	
	March 31, 2018	**December 31, 2017**	**March 31, 2018**	**December 31, 2017**
Current				
Domestic customers (Brazil)	73,336	63,443	73,334	64,243
Foreign customers	7,435	8,017	51,796	61,283
Allowance for doubtful accounts	(1,062)	(1,101)	(5,298)	(5,223)
	79,709	70,359	119,832	120,303
Noncurrent				
Domestic customers (Brazil)	8,593	8,399	8,593	8,399
Foreign customers	3,298	2,912	3,298	2,912
Allowance for doubtful accounts	(39)	(1)	(39)	(1)
	11,852	11,310	11,852	11,310

The Company's maximum exposure to credit risk is the balance of trade notes receivable.
The balance of current trade notes receivable as at March 31, 2018 and December 31, 2017, Parent and consolidated, is distributed as follows:

(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	March 31, 2018	**December 31, 2017**	**March 31, 2018**	**December 31, 2017**
Falling due	71,853	56,453	101,826	97,023
Past due:				
1 to 30 days	3,302	8,203	6,240	14,073
31 to 60 days	284	1,371	976	2,745
61 to 90 days	393	662	1,687	1,182
91 to 180 days	991	816	3,432	2,259
181 to 360 days	879	1,201	2,640	1,527
Over 360 days	3,069	2,754	8,329	6,717
	8,918	15,007	23,304	28,503
Total	80,771	71,460	125,130	125,526
Allowance for doubtful accounts	(1.062)	(1,101)	(5,298)	(5,223)
Total current	79,709	70,359	119,832	120,303

The balance of noncurrent trade notes receivable as at March 31, 2018, parent and consolidated, is distributed as follows:

	Parent and Consolidated
Falling due:	
2019 (9 months)	7,990
2020	3,652
2021	249
Allowance for doubtful accounts	(39)
Total noncurrent	11,852

(In thousands of reais, unless otherwise stated)

Changes in allowance for doubtful accounts, parent and consolidated, are as follows:

	Parent	Consolidated
Balance at December 31, 2017	1,102	5,224
Receivables recognized for the period	148	213
Receivables written off	(149)	(809)
Foreign exchange difference	-	709
Balance at March 31, 2018	1,101	5,377

5 Receivables - onward lending of FINAME manufacturer financing

	Parent and Consolidated	
	March 31, 2018	December 31, 2017
Current		
FINAME falling due	58,433	60,903
FINAME awaiting release (a)	610	1,635
FINAME past due (b)	33,525	36,174
	92,568	98,712
Allowance for doubtful accounts	(10,437)	(10,598)
	82,131	88,114
Noncurrent		
FINAME falling due	74,221	73,862
FINAME awaiting release (a)	2,438	6,540
	76,659	80,402
Allowance for doubtful accounts	(387)	(583)
	76,272	79,819
Total	158,403	167,933

The item "Receivables - onward lending of FINAME manufacturing financing" refers to sales to customers financed by funds from the Brazilian Development Bank ("BNDES") (Note 13).

The FINAME manufacturer credit line refers to financing specifically linked to sales transactions, with terms of up to 48 months and a grace period of up to six months, in accordance with the terms defined by the BNDES at the time of the financing.

The financing terms are also based on customer's characteristics. Funds are released by the BNDES on identification of a customer and sale, as well as checking that a customer has fulfilled the terms of Circular 195 dated July 28, 2006 issued by BNDES, through a financial agent, with the formalization of a financing agreement in the name of the Company and consent of the customer to be financed. The amounts, periods and charges of the transaction are fully reflected in the amounts to be received by the Company from the bank mediating the agreement to which the Company is the debtor. The Company holds title to the financed equipment until the final settlement of the obligation by the customer.

The differences between onward lending of FINAME manufacturer financing receivables include:

(a) FINAME transactions awaiting release: refers to FINAME manufacturer financing transactions that meet the specified terms and have been approved by all parties involved. The preparation of documentation, the issue of the sales invoice and the delivery of the equipment to the customer have all taken place. The crediting of the related funds to the Company’s account by the agent bank is pending at the end of the reporting period, in view of the normal operating terms of the agent.

(b) FINAME past due: refers to amounts receivable not settled by customers on their due dates. The Company records provisions for possible losses on the realization of these balances, at the amount of the difference between the expected value of the sale of the collateral (machinery) recovered through the enactment of covenant regarding reservation of title over the machinery sold (security interest) and the value of the receivables from defaulting customers. In instances in which the security interest cannot be located, a full loss provision is set up for balance of the receivable.

The machinery seized as part of the execution process are recorded at its carrying amount, not exceeding its fair value, under the category of “Other receivables”, pending a final and unappealable court decision, after which it is repossessed and transferred to inventories. As at March 31, 2018, the balance of repossessed machinery, included under the line item of “Other receivables”, parent and consolidated, amounted to R$1,649 (R$1,699 as at December 31, 2017) in current assets and R$9,210 (R$10,404 as at December 31, 2017) in noncurrent assets.

(In thousands of reais, unless otherwise stated)

As at March 31, 2018 and December 31, 2017, the balances of "Receivables - onward lending of FINAME manufacturer financing", parent and consolidated, were as follows:

		Parent and Consolidated
	March 31, 2018	December 31, 2017
Falling due	59,043	62,538
Past due:		
1 to 30 days	2,661	1,496
31 to 60 days	690	1,082
61 to 90 days	660	885
91 to 180 days	2,001	2,718
181 to 360 days	3,530	4,579
Over 360 days	23,982	25,414
	33,525	36,174
Total - current	92,568	98,712

The expected realization of noncurrent receivables relating to the onward lending of FINAME manufacturer financing, parent and consolidated, is as follows:

	Parent and Consolidated
Falling due:	
2019 (9 months)	31,113
2020	28,277
2021	16,538
2022 onwards	731
Total - noncurrent	76,659

(In thousands of reais, unless otherwise stated)

Changes in allowance for doubtful accounts, parent and consolidated, are as follows:

	Parent and Consolidated
Balance at December 31, 2017	11,181
Allowance recognized (or written off) for the period	(357)
Balance at March 31, 2018	10,824

6 Inventories

	Parent		Consolidated	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Finished products	28,381	27,389	62,799	56,620
Used machinery	14,535	16,501	14,535	16,501
Work-in-process	59,700	57,515	101,081	88,709
Raw materials and components	69,951	58,806	90,094	77,499
Imports in transit	2,592	2,306	4,724	2,562
Total	175,159	162,517	273,233	241,891

The inventory balances, parent and consolidated, as at March 31, 2018 are net of R$32,869 and R$36,161 (R$33,911 Parent and R$37,000 Consolidated as at December 31, 2017), respectively, corresponding to the provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use.

The changes in the provision to bring inventories to their net realizable value, parent and consolidated, are as follows:

(In thousands of reais, unless otherwise stated)

	Parent	**Consolidated**
As at January 1, 2018	33,911	37,000
Inventory sold or written off	(4,173)	(4,173)
Provision recorded	1,914	1,852
Foreign exchange difference		265
Transfer of provision resulting from machines repossessed in the period	1,217	1,217
As at March 31, 2018	32,869	36,161

The changes in the provision for inventory losses by class of inventory are as follows:

	Parent		**Consolidated**	
	March 31, 2018	**December 31, 2017**	**March 31, 2018**	**December 31, 2017**
Finished products	1,916	1,852	5,208	4,941
Used machines	13,042	14,542	13,042	14,542
Work-in-process	4,728	4,520	4,728	4,520
Raw materials and components	13,183	12,997	13,183	12,997
Total	32,869	33,911	36,161	37,000

(In thousands of reais, unless otherwise stated)

7 Investments in subsidiaries and affiliates

Company investments in its subsidiaries are as follows:

	Subsidiary	Country	Main activity
1.	Romi Itália S.r.l. ("Romi Italy")	Italy	Sale of machine tools, spare parts and technical support.
1.1	Romi Machines UK Ltd. (indirect subsidiary – 100% interest)	United Kingdom	Sale of machinery for plastics and machine tools, spare parts and technical support.
1.2	Romi France SAS France (indirect subsidiary – 100% interest)	France	Sales of machinery for plastics and machine tools, spare parts and technical support.
1.3	Romi Máquinas España S.A. (indirect subsidiary – 100% interest)	Spain	Sale of machinery for plastics and machine tools, spare parts and technical support.
2.	Romi Europa GmbH ("Romi Europe")	Germany	Distribution of machine tools, spare parts and technical support.
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W") (indirect subsidiary – 100% interest)	Germany	Production and sale of large tooling machinery with high technology, precision and productivity, as well as machinery for specialized applications.
2.1.1	Burkhardt + Weber / Romi (Shanghai) Co., Ltd (indirect subsidiary – 100% interest)	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
2.1.2	Burkhardt + Weber LLC	United States of America	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
3.	Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor")	Brazil	Real estate activity, including purchases and sales, lease of company-owned properties, use of real estate rights, intermediation of real estate businesses, and provisions of sureties and guarantees.
4.	Romi Machine Tools, Ltd. ("Romi Machine Tools")	United States of America	Sale of machine tools, spare parts, technical support and cast and machined products in North America.
5.	Rominor Empreendimentos Imobiliários S.A. (formerly named Romi Empreendimentos).	Brazil	Interest in real estate ventures.
6.	Romi A.L. S.A. ("Romi A.L.")	Uruguay	Sales representation for operations in the foreign market.
7.	Irsa Maquinas Mexico S. de R. L. de C.V. (formerly named Sandretto Mexico)	Mexico	Sale of machinery for plastics and machine tools, spare parts and technical support.

(In thousands of reais, unless otherwise stated)

								March 31, 2018
	Romi Italy and subsidiaries(1)	**Romi Europe and subsidiaries (2)**	**Rominor (3)**	**Romi Machine Tools (4)**	**Romi Empreend. (5)**	**Romi A.L. (6)**	**IRSA Máq Mexico (7)**	**Total**
Investments:								
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000	
Ownership interest	100.0%	100.0%	93.1%	100.0%	100.0%	100.0%	100.0%	
Current assets	47,629	89,831	21,140	12,948	2,400	6,342	4,325	
Noncurrent assets	6,699	114,033	522	116	-	-	86	
Current liabilities	37,085	70,316	112	14,220	-	2	3,818	
Noncurrent liabilities	11,787	31,826	-	-	-	-	-	
Equity (equity deficit) of subsidiary	5,456	101,722	21,550	(1,156)	2,400	6,340	593	
Changes in investment:								
Investment balance as at December 31, 2017	6,274	101,671	20,566	(664)	2,405	6,137	674	137,063
Foreign exchange differences on foreign investments	203	2,826	-	(10)	-	34	(1)	3,052
Dividends proposed and paid (b)	-	-	(1,001)	-	-	-	-	(1,001)
Equity pick-up	(1,021)	(2,775)	492	(482)	(5)	169	(80)	(3,702)
Equivalent value - closing balance	**5,456**	**101,722**	**20,057**	**(1,156)**	**2,400**	**6,340**	**593**	**135,412**
Investment in subsidiaries	5,456	101,722	20,057	-	2,400	6,340	593	136,568
Provision for equity deficit - subsidiaries	-	-	-	(1,156)	-	-	-	(1,156)

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.

(b) Payment of dividends by subsidiary ROMINOR, approved by the Board of Directors at the meeting held on February 6, 2018, in the amount of R$1,075, related to the second half of 2017. From such payment, the Company received R$1,001.

(In thousands of reais unless otherwise stated)

8 Related party transactions and balances

The balances and transactions with related parties as at March 31, 2018 and December 31, 2017 are as follows:

(i) Statement of financial position accounts – Company

	Receivables		Payables	
	March 31, 2018	**December 31, 2017**	**March 31, 2018**	**December 31, 2017**
Direct subsidiaries				
Romi Europe	3,533	3,217	104	175
Romi Italy	5,951	5,648	-	-
Romi Machine Tools	13,351	12,944	-	-
Romi A.L.	-	-	601	603
Irsa Máquinas Mexico	3,334	3,335	-	-
Rominor Com.	4	4	-	-
Indirect subsidiaries				
B+W - Burkhardt+Weber	524	173	-	-
Romi France S.A.S.	8,464	5,855	-	-
Romi Máquinas España S.A.	2,729	2,896	-	-
Romi Machines UK	10,026	7,980	-	-
Total	47,916	42,052	705	778

(ii) Transactions

The main balances and transactions with the aforementioned related parties refer to trading transactions between the parent and its subsidiaries.

Subsidiary Rominor is the guarantor of some of the FINAME manufacturing financing transactions involving the Company, and the financing is collateralized by promissory notes and sureties (Note 13).

The Company entered into trading transactions with certain subsidiaries for the supply and purchase of equipment, parts and pieces, but does not have material transactions with related parties other than those described above. Decisions regarding transactions between the parent and its subsidiaries are made by management. Trade notes mature in the short term.

(In thousands of reais unless otherwise stated)

The Company provides administrative services, mainly accounting and legal services, to its parent company Fênix Empreendimentos S.A. The accumulated revenue until March 2018 was R$37 (2017 – R$39).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor's 'Office. Donations in 2018 totaled R$229 (2017 – R$223).

In 2014, the Company adopted the Policy for Transactions with Related Parties (available at www.romi.com) the main purpose of which is to ensure transparency and compliance with market practices in these transactions.

Management compensation for the periods ended March 31, 2018 and 2017 was as follows:

	March 31, 2018	**December 31, 2017**
Fees and charges	1,236	1,257
Profit sharing	90	75
Private pension plan	57	56
Healthcare plan	50	42
Parent	1,433	1,430
Fees and charges of subsidiaries	23	23
Consolidated	1,456	1,453

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual General Meeting of Shareholders held on March 13, 2018.

(In thousands of reais unless otherwise stated)

9 Investment property

In the period ended December 31, 2012, management decided, based on the completion of the property register review and regularization, as well as the perspectives of short and medium-term expansion of operations, to classify certain property as "Investment Property" for future rental income and capital appreciation. The amounts classified as investment property are R$13,500 (R$13,500 – as at December 31, 2017) at the parent and R$18,602 (R$18,602 – as at December 31, 2017) in the consolidated financial statements.

The investment property is stated at historical cost, and for fair value disclosure purposes the Company contracted an independent expert, who applied a methodology accepted by the Brazilian Institute of Engineering Appraisals which also uses market evidence related to transaction prices for similar property and assessed the fair value less cost to sell of this property at R$51,357 for the parent and R$147,194 for the consolidated financial information.

10 Property, plant and equipment

Changes in property, plant and equipment, parent and consolidated, are as follows:

	Parent	Consolidated
Balance as at December 31, 2017	190,852	257,939
Additions	8,106	8,800
Disposals	(85)	(85)
Depreciation	(6,349)	(8,091)
Foreign exchange difference	-	2,417
Balance as at March 31, 2018	192,524	260,980
Balance as at March 31, 2018		
Total cost	522,647	638,698
Accumulated depreciation	(330,123)	(377,718)
	192,524	260,980

Due to the financing agreements with the BNDES for investments in property, plant and equipment, the Company pledged as collateral machinery and equipment amounting to R$75,489 as at March 31, 2018 (R$77,920 as at December 31, 2017). These items refer to land, buildings, facilities, machinery and equipment.

(In thousands of reais unless otherwise stated)

11 Intangible assets

Changes in intangible assets, parent and consolidated, are as follows:

	Parent	Consolidated
Balance as at December 31, 2017	1,124	52,174
Additions	-	8
Amortization	(77)	(157)
Foreign exchange difference	-	903
Balance as at March 31, 2018	1,047	52,928
Total cost	9,267	78,366
Accumulated amortization	(8,220)	(25,438)
Intangible assets, net	1,047	52,928

(In thousands of reais unless otherwise stated)

12 Borrowings

Changes in borrowings, parent and consolidated, are as follows:

	Parent			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Borrowing balance at						
December 31, 2017	91,720	14,274	105,994	91,720	29,516	121,236
New borrowing	-	5,572	5,572	-	5,572	5,572
Repayment of principal	(6,700)	(2,073)	(8,773)	(6,700)	(2,736)	(9,436)
Payment of interest	(1,402)	(138)	(1,540)	(1,402)	(704)	(2,106)
Exchange and monetary difference (principal and interest)	-	677	677	-	1,187	1,187
Interest at the end of the period	1,354	144	1,498	1,354	144	1,498
Borrowing balances at						
March 31, 2018	84,972	18,456	103,428	84,972	32,979	117,951
Current	54,170	18,456	72,626	54,170	20,869	75,039
Noncurrent	30,802	-	30,802	30,802	12,110	42,912
	84,972	18,456	103,428	84,972	32,979	117,951

The maturities of financing recorded in noncurrent liabilities as at March 31, 2018, in the parent and consolidated, are as follows:

	Parent	Consolidated
2019 (9 months)	8,880	10,758
2020	8,459	10,210
2021	6,391	7,522
2022	6,129	7,260
2023 onwards	943	7,162
Total	30,802	42,912

(In thousands of reais unless otherwise stated)

13 FINAME manufacturer financing

	Parent and consolidated	
	March 31, 2018	**December 31, 2017**
Current		
FINAME manufacturer financing	54,161	55,463
Noncurrent		
FINAME manufacturer financing	71,404	72,770
Total	125,565	128,233

Balances are directly related to the balances of "Receivables - onward lending of FINAME manufacturer financing" (Note 5), considering that the loans are directly linked to sales to specific customers. The contractual terms related to the amounts, charges and periods financed under the program are on-lent in full to the financed customers and amounts received on a monthly basis under the line item Amounts receivable – onlending FINAME Manufacturer Financing are fully used for the repayment of the related financing agreements. The Company, therefore, acts as an agent for the financing, but remains as the main debtor in these transactions.

The balances of the line item “FINAME manufacturer financing” and, consequently, of the line item “Receivables - onward lending of FINAME manufacturer financing” as at March 31, 2018 and December 31, 2017, were adjusted for inflation up to the end of the reporting period. The difference of R$32,838 between these line items as at March 31, 2018 (R$39,700 as at December 31, 2017) refers to past-due trade notes, renegotiations in progress, and FINAME transactions not yet released by the agent bank. Management understands that there are no risks to the realization of these receivables, in addition to the amount of the allowance for doubtful accounts already recorded, since the amounts are collateralized by the financed machinery.

The noncurrent maturities of the FINAME manufacturer financing as at March 31, 2018, parent and consolidated, were as follows:

(In thousands of reais unless otherwise stated)

	Parent and Consolidated
2019 (9 months)	28,741
2020	26,321
2021	15,864
2022 onwards	478
Total	71,404

14 Provision for tax, labor and civil contingencies

Company management, based on the opinion of legal counsel, classified the legal proceedings in accordance with the probable likelihood of loss, as follows:

		Parent		Consolidated
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Tax	54,533	53,805	55,350	54,598
Civil	1,945	1,986	1,945	1,986
Labor	3,774	3,383	3,774	3,383
(-) Judicial deposits / other receivables	(54,496)	(53,399)	(54,496)	(53,399)
Total	5,756	5,775	6,573	6,568
Current liabilities	5,359	5,007	5,359	5,007
Noncurrent liabilities	397	768	1,214	1,561
	5,756	5,775	6,573	6,568

(In thousands of reais unless otherwise stated)

For legal proceedings classified as probable losses, the changes in the provision for the period ended March 31, 2018 are as follows:

	December 31, 2017	Additions	Utilizations/ Reversals	Monetary restatement	March 31, 2018
Tax	53,805	761	(33)	-	54,533
Civil	1,986	-	(98)	57	1,945
Labor	3,383	528	(188)	51	3,774
(-) Judicial deposits / other receivables	(53,399)	(1,097)	-	-	(54,496)
Total Company	**5,775**	**192**	**(319)**	**108**	**5,756**
Proceedings at subsidiaries	793	-	-	24	817
Total Consolidated	**6,568**	**192**	**(319)**	**132**	**6,573**

As at March 31, 2018, the main legal proceedings which were classified by management as probable losses or as legal obligation are as follows:

(a) Tax proceedings

Refer to the provisions for:

(i) Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) related to State VAT (ICMS) on sales, which amounted to R$9,721 (R$9,585 as at December 31, 2017) and R$44,775 (R$44,151 as at December 31, 2017), respectively.

On October 24, 2006, the Company filed a common civil action challenging the constitutionality of the inclusion of ICMS on sales in the PIS and COFINS tax base. On March 15, 2017, when judging Extraordinary Appeal No. 574.706/PR, regarding the general repercussion effect, the Federal Supreme Court (STF), by majority of votes, decided that the ICMS is not to be included in the PIS and COFINS tax bases since it is intended to the State and, therefore, is not included in the concept of revenue. However, on October 19, 2017, the National Treasury Attorney General's Office (PGFN) filed Motions to Clarify in view of the Court Decision published on October 2, 2017 by the STF. In this motion, PGNF requests the correction of alleged errors in the Court Decision. The most significant ones are as follows: (i) material error regarding the analysis of gross and net revenue concepts brought by Law 6404/76; (ii) lack of clarity on the ICMS to be excluded (whether the tax calculated or paid), which reflects on the determination of tax credit to be recovered as well as the future exclusion procedure; and (iii) modulation of judgment effects. The analysis of the motions to clarify by the STF, which can be subject to modificatory effects, and the respective publication of an unappealable final decision, were pending to the date of this report. In view of the current uncertainty regarding the outcome of this matter, management believes that is not possible to conclude on the taxpayer’s rights to the credits, neither definitively measure the involved amounts, thus leading to the decision of not recognize gains on this lawsuit in the financial statements. As at March 31, 2018, the amount recognized in the financial statements as payables for tax risks, in noncurrent liabilities, was R$54,496 (R$53,736 as at December 31, 2017), and the Company made judicial deposits for such proceeding that, as at that date, amounted to R$47,080 (R$46,741 as at December 31, 2017). When the matter presents a favorable decision for the taxpayers and measurement is possible, the Company will calculate the monetary restatement of these amounts, which will be recognized in profit for the year. As the Company elected to make judicial deposits for this proceeding, in the event the final decision is unfavorable, the monetary restatement of the aforementioned amounts will have no impact on the profit for the year.

At the end of the reporting period, management's best estimate of the restated amount of this proceeding was R$89,958 (R$88,110 as at December 31, 2017), of which R$82,306 (R$81,218 as at December 31, 2017) related to judicial deposits and R$7,652 (R$6,892 as at December 31, 2017) to tax credits.

(ii) The other tax proceedings total R$37 (R$70 as at December 31, 2017).

(b) Tax proceedings (Summer Plan)

In 2017, the Company obtained a favorable outcome in the proceeding in which the Company is the plaintiff and the Federal Government is the defendant, which claims for the right to monetarily restate the statement of financial position for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force (Summer Plan). On September 6, 2017, the Company filed a request with the Federal Revenue Office for use of the respective credit. On April 9, 2018, the Federal Revenue Office approved the request regarding this credit, authorizing the Company to utilize it to offset future federal taxes. Based on preliminary calculations, the Company estimates that such credit, monetarily adjusted for inflation by the monetary restatement indexes acknowledged by the courts, corresponds to approximately R$44,400, before any taxes levied thereon, the impact of which on profit for the period is estimated at approximately R$29,600.

(c) Civil proceedings

These refer to civil proceedings in which the Company figures as defendant related mainly to the following claims: revision/termination of contracts; (ii) damages; and (iii) annulment of protest of notes with losses and damages, among others.

(d) Labor claims

The Company has recorded a provision for contingencies for labor claims in which it figures as defendant, and the main causes are as follows: (i) additional overtime due to reduction of lunch break; (ii) health hazard premium/hazardous duty premium; (iii) stability prior to retirement; (iv) damages for work-related accident/disease; and (v) jointly liability over outsourced companies, among others.

The tax and civil proceedings and labor claims assessed as representing possible losses involve matters similar to those above. The Company management believes that the outcomes of ongoing legal proceedings shall not result in disbursements higher than those recognized in the provision. The amounts involved do not qualify as legal obligations.

(e) Judicial deposits

The Company has judicial deposits amounting to R$49,171 (R$48,799 as at December 31, 2017), of which R$47,079 (R$46,741 as at December 31, 2017) refers to PIS and COFINS levied on ICMS on sales, as mentioned in item (a), and (i) the other deposits are of a different nature and are classified in noncurrent assets.

15 Income and social contribution taxes

Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surtax on taxable profit exceeding R$240, and social contribution is calculated at the rate of 9% on taxable profits, except for subsidiaries Rominor and Rominor Empreendimentos, which pay income and social contribution taxes based on a percentage of gross revenue.

The reconciliation of the tax effect on the Company’s profit (loss) before income and social contribution taxes through application of the prevailing tax rates as at March 31, 2018 and 2017 is as follows:

(In thousands of reais unless otherwise stated)

	Parent		Consolidated	
	March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Income before income and social contribution taxes	2,364	2,621	1,825	2,799
Statutory rates (income and social contribution taxes)	34%	34%	34%	34%
Income and social contribution tax income (expense) at statutory rates	(804)	(891)	(621)	(952)
Reconciliation to the effective rate:				
Equity pickup	(1,259)	(324)	-	-
Unrecorded deferred income tax and social contribution taxes at subsidiaries	-	-	(1,005)	(494)
Research and development	386	597	386	597
Interest on capital	1,332	-	1,332	-
Management profit sharing	(31)	(25)	(31)	(25)
Other additions (deductions), net	(189)	37	(50)	139
Current and deferred income and social contribution tax income (expense)	(565)	(606)	11	(735)

(a) The amount in the Consolidated quarterly information refers basically to the difference in the calculation of income and social contribution taxes between taxable profit based on accounting records [*lucro real] a*nd profit computed as a percentage of the Company's gross revenue [*lucro presumido*], due to the fact that the subsidiaries Rominor and Rominor Empreendimentos opted to calculate tax based on *lucro presumido* during the periods presented and for non-recognition of deferred income taxes on the tax losses of foreign subsidiaries, except for BW.

(In thousands of reais unless otherwise stated)

Changes in deferred tax assets and liabilities, parent and consolidated, for the period ended March 31, 2018 were as follows:

	Asset		Liability
	Parent	Consolidated	Consolidated
As at December 31, 2017	49,426	49,426	29,885
Changes in the period			
Additions	1,013	1,739	-
Realization	(1,236)	(1,236)	(179)
Foreign exchange difference		46	867
As at March 31, 2018	49,203	49,975	30,573

16 Equity

Capital

As at March 31, 2018, the Company’s subscribed and paid-up capital amounting to R$492,025 (R$492,025 as at December 31, 2017) comprised 62,857,647 (62,857,647 as at December 31, 2017) book-entry, registered common shares, without par value, all with the same rights and benefits.

Profit reserve

a) Legal reserve

As required by Article 193 of Law No. 6404/76, the balance of the line item "Legal reserve" is equivalent to 5% of the profit for the year, limited to 20% of the share capital. As at March 31, 2018, the legal reserve amounted to R$43,638 (R$43,638 as at December 31, 2017).

b) Retained earnings reserve

As at March 31, 2018, the balance of the line item “Retained earnings reserve” amounted to R$75,322 (R$75,322 as at December 31, 2017).

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of outstanding common shares in the period, excluding common shares purchased by the Company and held as treasury shares.

	March 31, 2018	March 31, 2017
Profit for the period attributable to the controlling shareholders	1,799	2,015
Weighted average number of shares outstanding in the period (in thousands)	62,858	62,858
Basic and diluted earnings per share	0.03	0.03

Basic and diluted earnings per share are the same, since the Company does not have any instruments diluting the earnings per share.

(In thousands of reais unless otherwise stated)

17 Segment reporting - consolidated

To manage its business, the Company is organized into three business units on which the Company reports its primary information by segment, namely: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products. The information for the period ended March 31, 2018 was prepared and is presented on a comparative basis with the period ended March 31, 2017, according to the Company's new segments:

					March 31, 2018
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	61,913	29,077	41,657	-	132,647
Cost of sales and services	(37,548)	(24,036)	(36,304)	-	(97,888)
Transfers remitted	940	-	3,265	(4,205)	
Transfers received	(3,265)	-	(940)	4,205	
Gross profit	22,040	5,041	7,678	-	34,759
Operating expenses:					
Selling expenses	(13,077)	(2,177)	(899)	-	(16,153)
General and administrative expenses	(5,200)	(5,367)	(2,800)	-	(13,367)
Research and development	(3,883)	-	-	-	(3,883)
Management fees	(803)	-	(653)	-	(1,456)
Other operating income, net	744	-	-	-	744
Operating profit (loss) before finance income (costs)	(179)	(2,503)	3,326	-	644
Inventory	191,402	55,009	26,822	-	273,233
Depreciation and amortization	3,175	1,694	3,379	-	8,248
Property, plant and equipment, net	136,790	15,158	109,032	-	260,980
Intangible assets	1,047	51,881	-	-	52,928

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	17,607	87,064	2,928	25,048	132,647

(In thousands of reais unless otherwise stated)

					March 31, 2017
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	59,313	29,869	57,343	-	146,525
Cost of sales and services	(37,563)	(23,479)	(49,240)	-	(110,281)
Transfers remitted	1,500	-	1,529	(3,030)	
Transfers received	(1,529)	-	(1,500)	3,030	
Gross profit	21,721	6,390	8,132	-	36,244
Operating (expenses) income:					
Selling expenses	(10,842)	(2,497)	(1,320)	-	(14,659)
General and administrative expenses	(5,067)	(3,955)	(3,884)	-	(12,906)
Research and development	(4,052)	-	-	-	(4,052)
Management fees	(641)	-	(812)	-	(1,453)
Other operating income, net	142	-	-	-	142
Operating profit (loss) before finance income (costs)	1,261	(62)	2,117	-	3,316
Inventory	179,412	48,414	22,210	-	250,036
Depreciation and amortization	3,175	1,334	3,004	-	7,513
Property, plant and equipment, net	131,558	14,717	100,069	-	246,344
Intangible assets	1,313	40,985	-	-	42,298

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	18,515	98,159	4,803	25,048	146,525

(In thousands of reais unless otherwise stated)

18 Future commitments

On April 10, 2017, the Parent and Centrais Elétricas Cachoeira Dourada S.A. - - CDSA, belonging to Endesa, decided to amend the agreement for the supply of electric energy entered into on May 1, 2007, which intended to contract a volume of electric energy according to the Company's needs. As a result, the supply of electric energy has been extended for further two years, up to December 31, 2020, and has reflected the following commitments that will be adjusted annually by the General Market Price Index (IGP-M).

Year of supply	**Amount**
2018 (9 months)	5,705
2019	8,597
2020	8,597
Total	22,899

The Company management believes that this agreement is compatible with the electric energy requirements for the contracted period.

19 Events after the reporting period

As described in Note 14 b. and disclosed in the material fact of April 10, 2018, the Brazilian IRS approved on that date the request to utilize the credit relating to the favorable outcome obtained in a proceeding (Summer Plan) in which the Company was the plaintiff and the Federal Government was the defendant, which claims for the right to monetarily restate the statement of financial position for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force (Summer Plan).

Such credit amounts to approximately R$44,400 before taxes levied thereon and other costs, and its impact on profit for the period is estimated at around R$29,600, which will be recorded in April 2018. These amounts will be offset against future federal taxes.

* * *

WWW.ROMI.COM

April 17, 2018
1Q18 Earnings Release

March 31, 2018

Share price
ROMI3 - R$9.55 per share (on 04/16/2018)

Market capitalization
R$600.3 million
US$ 175.5 million

Number of shares
Common: 62,857,647
Total: 62,857,647

Free Float = 45.6%

Investor Relations Contact

Fábio B. Taiar
Investor Relations Officer
Telephone: (19) 3455-9418
dri@romi.com

April 18, 2018

Earnings Conference Call
Time: 10:30 am
Dial-in numbers:
+55 (11) 3193-1001 or (11) 2820-4001
Access code: Romi

Earnings Conference Call in English
Time: 12:00 pm (São Paulo)
4:00 pm (London)
11:00 am (New York)
Dial-in numbers:
USA +1 (800) 492-3904
Brazil +55 (11) 3193-1001
Other + 1 (646) 828-8246
Access Code: Romi

ROMI3 NOVO MERCADO BOVESPA BRASIL

Índice de Ações com Tag Along Diferenciado ITAG

Índice de Ações com Governança Corporativa Diferenciada IGC

Santa Bárbara d'Oeste – SP, April 17, 2018 – Indústrias Romi S.A. ("Romi" or "Company") (B3: ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Raw and Machined Cast Iron Parts, announces its results for the first quarter of 2018 ("1Q18"). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards – IFRS).

Highlights

Gross margin reaches 26.2% in the quarter

▪ The gross margin in 1Q18 was 26.2%, representing an increase of 1.5 percentage point compared with the 1Q17, even with a lower net operating revenue;

▪ The Romi Machines Business Unit, in 1Q18, reached an EBITDA margin of 4.8%, representing a 2.7% reduction in comparison with 1Q17, as a result of the product mix;

▪ In 1Q18, compared with the same period in 2017, the Raw and Machined Cast Iron Parts Business Unit reported a growth of 7.2 percentage points in EBITDA margin as a result of improvements in this business unit's operational efficiency.

▪ The Company's net debt grew R$29.0 million at March 31, 2018, due to the profit distributions made and inventory increases, which is considered normal for this time of year;

▪ The orders entry in 1Q18, when compared to 1Q17, posted a growth of 10.9%, with highlight to the Burkhardt+Weber Machines Business Unit.

▪ On April 9, 2018, the Company obtained the approval for its credit utilization request relating to the income tax and social contribution refund proceeding ("Plano Verão"), the amount of which, before taxes, is approximately R$44.4 million (R$29.6 million after taxes and other costs). All the gains will be recognized in the profit and loss account during 2Q18.

	Quarter				
R$'000	1Q17	4Q17	1Q18	Chg.	Chg.
Revenues Volume				1Q18/4Q17	1Q18/1Q17
Machines (units)	162	246	144	-41.5%	-11.1%
Burkhardt + Weber (units)	6	8	3	-62.5%	-50.0%
Raw and Machined Cast Iron Parts (tons)	5,784	4,172	4,592	10.1%	-20.6%
Net Operating Revenue	**146,525**	**194,555**	**132,647**	-31.8%	-9.5%
Gross margin (%)	*24.7%*	*29.5%*	*26.2%*		
Operating Income (EBIT)	**3,316**	**21,272**	**644**	-97.0%	-80.6%
Operating margin (%)	*2.3%*	*10.9%*	*0.5%*		
Net Income	**2,064**	**14,852**	**1,836**	-87.6%	-11.0%
Net margin (%)	*1.4%*	*7.6%*	*1.4%*		
EBITDA	**10,829**	**28,948**	**8,892**	-69.3%	-17.9%
EBITDA margin (%)	*7.4%*	*14.9%*	*6.7%*		
Investments	**4,065**	**15,445**	**8,800**	-43.0%	116.5%

EBITDA = Earnings before interest, taxes, depreciation and amortization.

Corporate Profile

Romi, founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of raw and machined cast iron parts.

The Company is listed on B3's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, CNC - Computerized Numerical Control Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines, and ductile or CDI gray cast iron parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

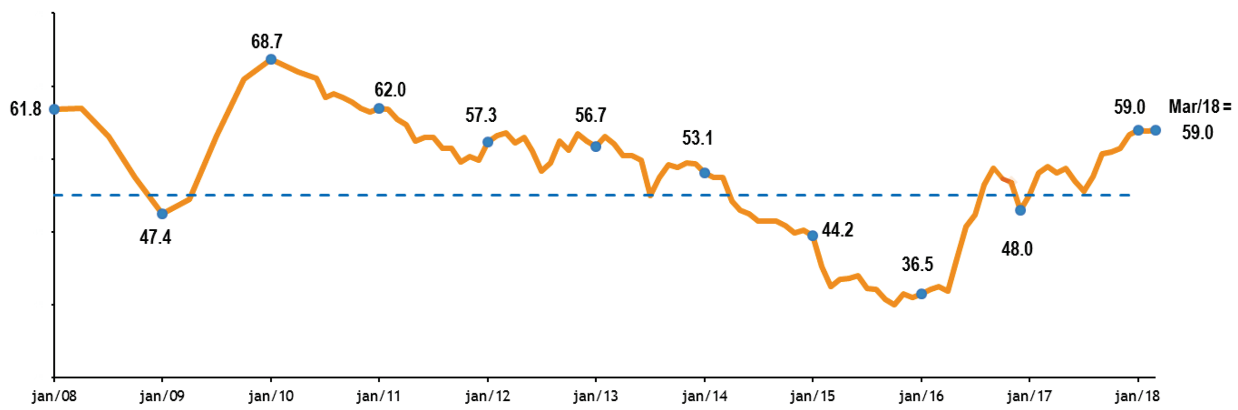
The Company has eleven manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, nine are located in Brazil and two in Germany. The installed capacity of industrial machines and casting production is of, respectively, about 3,500 units and 50,000 tons per year.

Current Economic Scenario

2018 showed a poor economic activity and high volatility in its first two months, but there is an acceleration in the number of opportunities and orders generated in the last month of 2018's first quarter. Some macroeconomic data indicate concrete recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to 2017, presented below. This improvement in macroeconomic data begins to materialize more significantly in the volume of orders entry of the Raw and Machined Cast Iron Parts Unit, mainly from the commercial and agricultural automotive segments.

In March 2018, the Industrial Entrepreneur Confidence Index (ICEI) reached 59.0, a level that shows the development of the index since 2016, where it reached its lowest level of 36.5 points, as shown below:

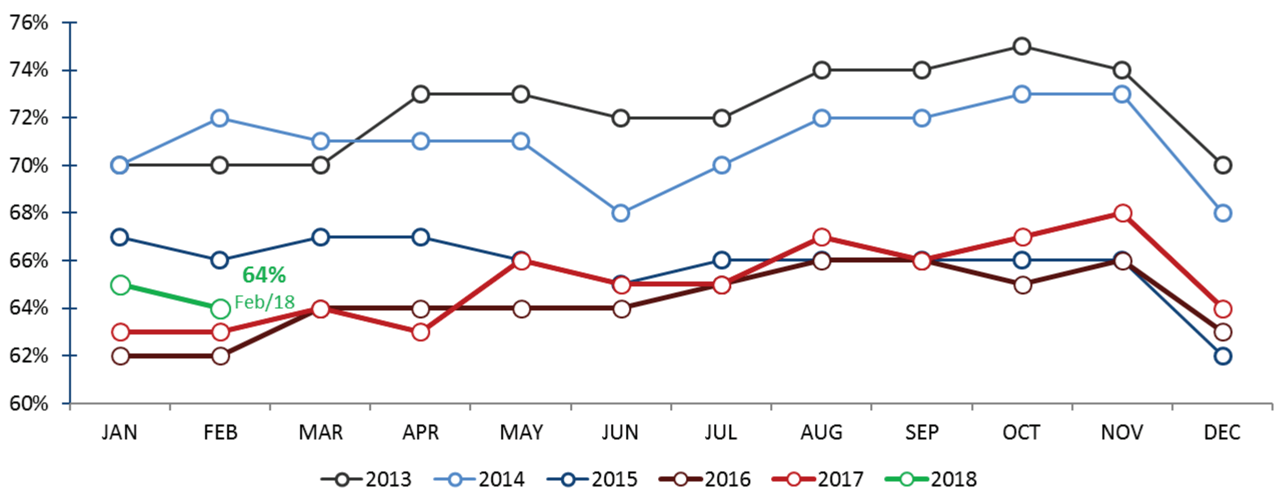
Industrial Entrepreneur Confidence Index – ICEI



Source: CNI – UCI, March 2018.

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (CNI), remains at low levels, but higher than those of the same periods of 2017 and 2016, demonstrating that, although the Brazilian economic scenario is still challenging, there are signs of a modest and gradual recovery.

Average Installed Capacity Utilization(UCI)



Source: CNI – ICEI, February 2018.

Romi continues to implement actions to streamline its structure and the planning and manufacturing process, to respond quickly to the demand volatility. During the last years we have carried out a number of optimizations, mainly in indirect structures, reinforced the focus on cost and expense reduction projects and invested in automation and productivity, focusing on the increase of profitability, which can be noted since the first quarter of 2017.

Market

The Company's main competitive advantages in the market – products with cutting-edge technology, own nationwide distribution network, ongoing technical assistance, availability of attractive customer credit packages in local currency, and short product delivery times – are all recognized by customers, giving the ROMI® brand name a traditional and prestigious reputation.

Order Entry (R$ 000) **Gross Values, sales taxes included**	1Q17	4Q17	1Q18	Chg. 1Q18/4Q17	Chg. 1Q18/1Q17
Romi Machines	59,530	70,195	48,778	-30.5%	-18.1%
Burkhardt+Weber Machines	9,711	22,211	35,065	57.9%	261.1%
Rough and Machined Cast Iron Parts	63,647	56,269	63,489	12.8%	-0.2%
Total *	**132,888**	**148,675**	**147,332**	**-0.9%**	**10.9%**

* The order entry figures do not include parts and services.

The order entry volume in Romi Machines Unit in 1Q18 was 18.1% lower than in 1Q17, demonstrating that although there are signs of economic recovery, the Brazilian environment still continues with high volatility, which in turn reflects the order entry level.

In German subsidiary B+W the order entry in 1Q18 was 261.1% higher than in 1Q17. This increase was chiefly due to a relevant order made by an Asian customer. The number of projects currently in progress and the volume of backlog orders are within the normal range and allow us to keep the good expectation of sustaining the normal profitability levels presented in 2017.

The Raw and Machined Cast Iron Parts Unit presented stable order entry in 1Q18 when compared to 1Q17. Even with the reduction of large wind turbine parts, there has been a significant increase in the volume of orders for parts for the commercial automotive segment and earth movement machinery.

Order Book (R$ 000) **Gross Values, sales taxes included**	1Q17	4Q17	1Q18	Chg. 1Q18/4Q17	Chg. 1Q18/1Q17
Romi Machines	64,304	71,745	60,595	-15.5%	-5.8%
Burkhardt+Weber Machines	109,251	118,624	130,806	10.3%	19.7%
Rough and Machined Cast Iron Parts	74,808	51,279	66,471	29.6%	-11.1%
Total *	**248,363**	**241,648**	**257,872**	**6.7%**	**3.8%**

* The order backlog figures do not include parts and services.

At March 31, 2018, the order backlog totaled R$257.9 million, 3.8% higher than in the same period last year. The increase in the backlog at the end of 1Q18 at B+W Machines Unit was chiefly due to the increase in the volume of orders of 1Q18 previously mentioned.

Operational Performance

NET OPERATING REVENUE

Net operating revenue posted by the Company in 1Q18 reached R$132.7 million, 31.8% and 9.5% lower than in 4Q17 and 1Q17, respectively.

By Business Unit

	Quarter				
Net Operating Revenue (R$ 000)	**1Q17**	**4Q17**	**1Q18**	**Chg. 1Q18/4Q17**	**Chg. 1Q18/1Q17**
Romi Machines	59,313	96,124	61,913	-35.6%	4.4%
Burkhardt+Weber Machines	29,869	60,002	29,077	-51.5%	-2.7%
Raw and Machined Cast Iron Parts	57,343	38,429	41,657	8.4%	-27.4%
Total	**146,525**	**194,555**	**132,647**	**-31.8%**	**-9.5%**

Romi Machines

The net operating revenue of this Business Unit reached R$61.9 million in 1Q18, posting a slight increase of 4.4% when compared with the same period in 2017, showing that the economic recovery should be slow and gradual.

Burkhardt+Weber Machines

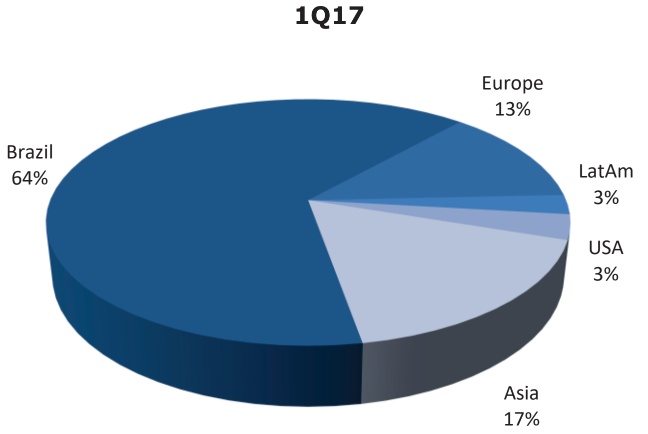
The revenue of the German subsidiary B+W in 1Q18 posted a volume similar to that observed in 1Q17, demonstrating that the revenue has reflected the solid order entry and backlog.

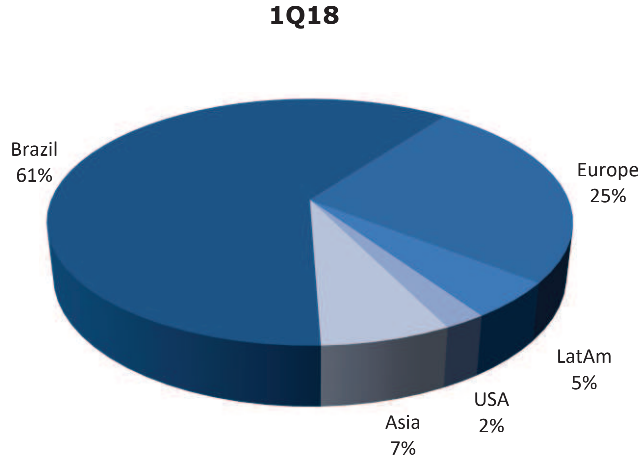
Raw and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R$41.7 million in 1Q18, representing a 27.4% reduction compared to 1Q17, chiefly due to the reduction in the volume of orders for large raw and machined cast iron parts.

By Geographical Region

The domestic market accounted for 61% of Romi's consolidated revenue in 1Q18, 3 percentage points lower than in 1Q17. Considering the revenue in foreign markets, which takes into consideration sales by Romi subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and direct sales to other markets, the distribution of Romi's total revenue by geographic region was the following:





Below we show the revenue obtained in the foreign market, in Brazilian reais (R$) and US dollars (US$):

Foreign Sales	Quarter				
	1Q17	4Q17	1Q18	Chg. 1Q18/4Q17	Chg. 1Q18/1Q17
Net Sales (R$ million)	52.1	93.5	52.1	-44.3%	-0.1%
Net Sales (US$ million)	16.5	28.3	15.7	-44.5%	-4.8%

OPERATING COSTS AND EXPENSES

The gross margin obtained in 1Q18, of 26.2%, posted an increase of 1.5 percentage points when compared to 1Q17, while operating margin (EBIT), when compared to 1Q17, posted a decrease of 1.8 percentage points due to a revenue volume 9.5% lower than in 1Q18.

	Quarter				
Gross Margin	1Q17	4Q17	1Q18	Chg. p.p. 1Q18/4Q17	Chg. p.p. 1Q18/1Q17
Romi Machines	36.6%	36.0%	35.6%	(0.4)	(1.0)
Burkhardt+Weber Machines	21.4%	25.7%	17.3%	(8.3)	(4.1)
Raw and Machined Cast Iron Parts	14.2%	19.3%	18.4%	(7.9)	4.2
Total	**24.7%**	**29.5%**	**26.2%**	**(3.3)**	**1.5**

	Quarter				
EBIT Margin	1Q17	4Q17	1Q18	Chg. p.p. 1Q18/4Q17	Chg. p.p. 1Q18/1Q17
Romi Machines	2.1%	11.7%	-0.3%	(12.0)	(2.4)
Burkhardt+Weber Machines	-0.2%	13.4%	-8.6%	(22.0)	(8.4)
Raw and Machined Cast Iron Parts	3.7%	5.2%	8.0%	2.8	4.3
Total	**2.3%**	**10.9%**	**0.5%**	**(10.4)**	**(1.8)**

Romi Machines

Gross and operating margins of this Business Unit presented a drop of 1.0 and 2.4 percentage points in 1Q18 when compared to 1T17. The slight reduction was chiefly due to the revenue mix, where there has been growth in share of the foreign market, which has higher trade costs when compared to an equipment in Brazil and, consequently, lower operating margins.

Burkhardt+Weber Machines

In this Business Unit, the gross margin in 1Q18 was 17.3%, which represents a decrease of 4.1 percentage points as compared to 1Q17, due to the lower volume of turnover in Euros of 19.3% and the mix of products.

Raw and Machined Cast Iron Parts

Gross and operating margins of this Business Unit posted a drop of 4.2 and 4.3 percentage points in 1Q18 when compared to 1T17. Projects focused on operational efficiency and strategy to add more value to products were the main reasons for this margin development.

EBITDA AND EBITDA MARGIN

In 1Q18, the operating cash generation as measured by EBITDA amounted to R$8.9 million, representing an EBITDA margin of 6.7% in the quarter, as shown in the table below:

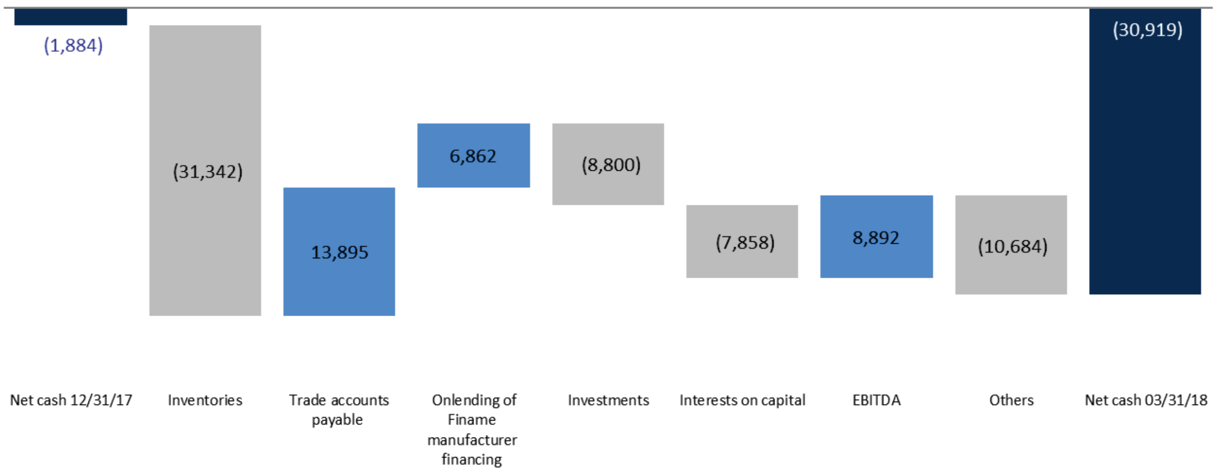
Reconciliation of Net Income to EBITDA	Quarter				
(R$ 000)	1Q17	4Q17	1Q18	Chg. 1Q18/4Q17	Chg. 1Q18/1Q17
Net Income	2,064	14,852	1,836	-87.6%	-11.0%
Income tax and social contributions	735	7,787	(11)	-100.1%	-101.5%
Net Financial Income	517	(1,367)	(1,181)	-13.6%	-328.4%
Depreciation and amortization	7,513	7,676	8,248	7.5%	9.8%
EBITDA	10,829	28,948	8,892	-69.3%	-17.9%
EBITDA Margin	7.4%	14.9%	6.7%	-54.9%	-9.3%
Total Net Operating Revenue	**146,525**	**194,555**	**132,647**	**-31.8%**	**-9.5%**

PROFIT FOR THE PERIOD

The profit for the period amounted to R$1.8 million in 1Q18, representing a net margin of 1.4%.

Evolution of Net Cash (Debt) Position

The main variations in the net debt position during 1Q18 are described below in R$’000:



The balances of “Finame Manufacturer Financing” are not used in the calculation of net debt of the Company.

The growth in net debt in 1Q18 is due to the following main aspects:

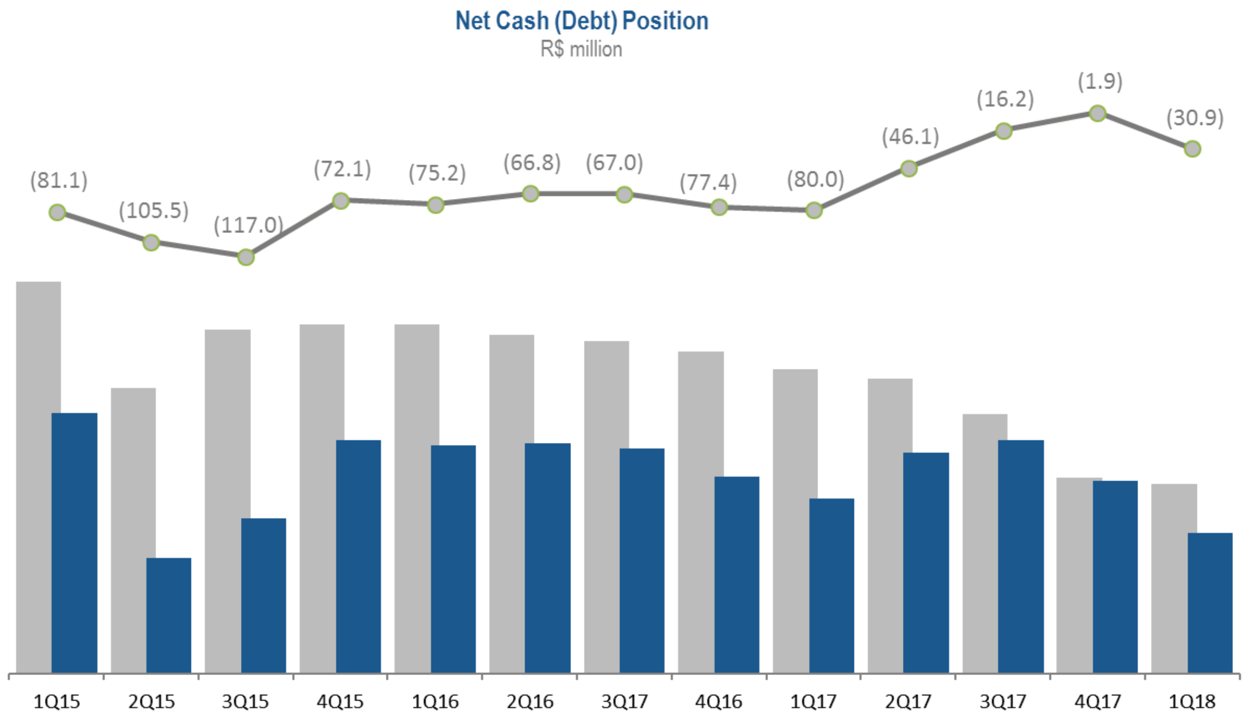
a) growth of inventories due to the larger volume of purchases at the beginning of the year so that there is adequate availability of products to customers. In April and/or May of each year the leading trade fair in the machine-tool sector and plastic processing takes place, and such fair generates a significant business volume that must be met within a reasonable period; and

b) profit distribution for 2017, amounting to a total of R$7.9 million.

Financial Position

Short-term investments, including those backed by debentures, are made with financial institutions with low credit risk and their yield is substantially indexed to the Interbank Certificate of Deposit (CDI). The consolidated net cash (debt) position at March 31, 2018 was R$30.9 million.

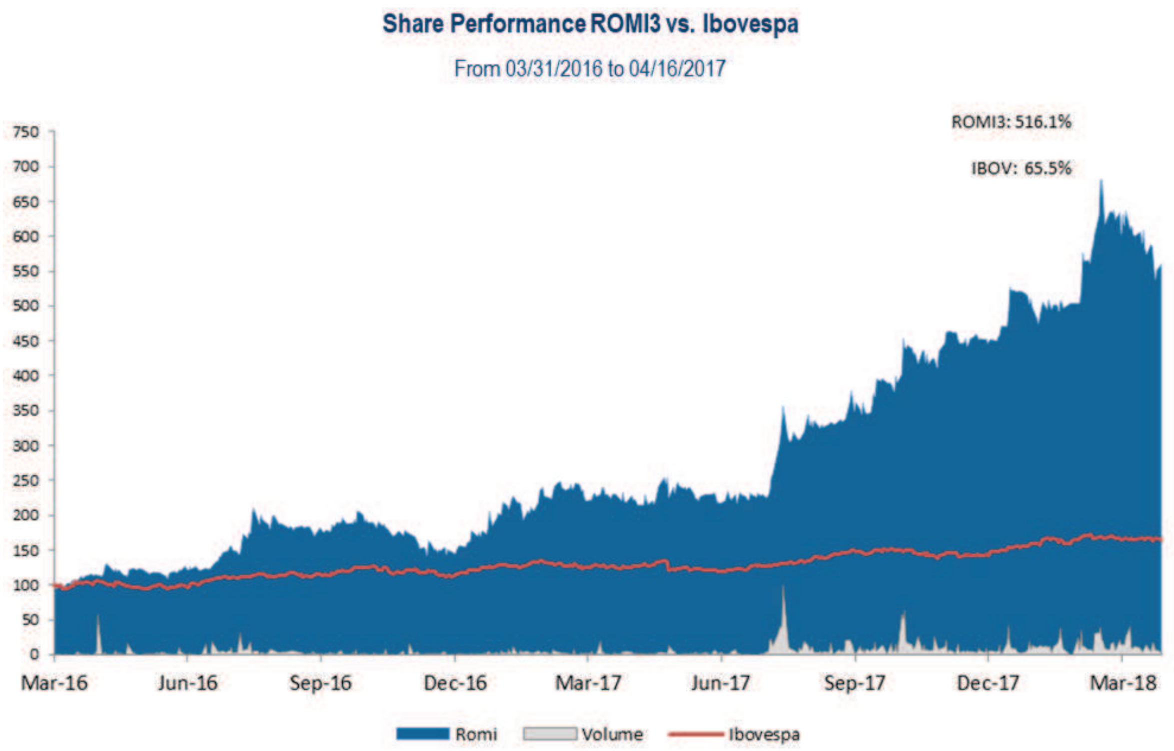
The Company's borrowings are used mainly in investments in the modernization of the industrial facilities, research and development of new products and financing of exports and imports. At March 31, 2018, the amount of financing in local currency was R$85.0 million, and in foreign currency, R$33.0 million, totaling R$118.0 million.



The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

At March 31, 2018, the Company did not have any derivative transactions.

Capital Market



Source: B3.

On April 16, 2018 the Company's common shares (ROMI3), which were quoted at R$9.55, posted appreciation of 151.3% since March 31, 2017 and 516.1% since March 31, 2016. Ibovespa recorded appreciation of 27.5% and 65.5% in the same period.

The Company's market capitalization on April 16, 2018 was R$600.3 million. The average daily trading volume during 1Q18 was R$1,490.2.

Success in Legal Proceeding ("Plano Verão")

In 2017, the Company was successful in the legal proceeding in which it is the plaintiff and the Federal Government is the defendant, whose object is the right to adjust for inflation the balance sheet of the calendar year 1989, in accordance with the inflation for the months of January and February of that year, and exclude the inflation indexes of the legislation then in force ("Plano Verão"). On September 6, 2017, the Company filed with the Federal Revenue Service a request for utilization of this credit. On April 9, 2018 the Federal Revenue granted the request to utilize this credit, allowing the Company to utilize it for offset against future federal taxes. The Company estimates, based on preliminary calculations, that such credit, adjusted for inflation based on the inflation adjustment indexes recognized by the courts, corresponds to approximately R$44.4 million before taxes and other costs, the impact of which on profit for the period is estimated at approximately R$29.6 million.

Consolidated Balance Sheet

(R$ 000)

ASSETS	03/31/17	12/31/17	03/31/18
CURRENT	**605,824**	**592,193**	**588,232**
Cash and Cash equivalents	87,214	105,682	74,088
Financial investments	21,365	13,670	12,944
Trade accounts receivable	113,469	120,303	119,832
Onlending of FINAME manufacturer financing	95,668	88,114	82,131
Inventories	250,036	241,891	273,233
Recoverable taxes	21,879	11,780	13,436
Other receivables	16,193	10,753	12,568
NON CURRENT	**446,403**	**154,515**	**150,940**
Trade accounts receivable	11,466	11,310	11,852
Onlending of FINAME manufacturer financing	58,447	79,819	76,272
Recoverable taxes	671	778	894
Deferred income and social contribution taxes	57,040	49,426	49,975
Judicial Deposits	2,087	2,057	2,092
Other receivables	9,462	11,125	9,855
Investments			
Property, Plant and Equipment	246,344	257,939	260,980
Investment Property	18,588	18,602	18,602
Intangible assets	42,298	52,174	52,928
TOTAL ASSETS	**1,052,227**	**1,075,423**	**1,071,682**

LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/17	12/31/17	03/31/18
CURRENT	**274,847**	**280,526**	**277,153**
Loans and financing	94,952	74,170	75,039
FINAME manufacturer financing	62,025	55,463	54,161
Trade accounts payable	26,828	33,802	47,697
Payroll and related taxes	21,765	28,148	26,929
Taxes payables	1,759	5,896	2,470
Advances from customers	53,665	56,512	52,911
Other payables	13,853	26,535	17,946
NON CURRENT	**175,449**	**151,397**	**146,216**
Loans and financing	93,621	47,066	42,912
FINAME manufacturer financing	54,406	72,770	71,404
Deferred income and social contribution taxes	25,331	29,885	30,573
Taxes payable	539	-	-
Reserve for contingencies	1,439	1,561	1,214
Other payables	113	115	113
SHAREHOLDER'S EQUITY	**600,425**	**641,969**	**646,820**
Capital	492,025	492,025	492,025
Retained earnings	492,025	118,960	118,960
Profit for the period	90,243	-	1,799
Cumulative translation adjustments	2,015	30,984	34,036
NON CONTROLLING INTERESTS	**1,506**	**1,531**	**1,493**
TOTAL SHAREHOLDER'S EQUITY	**601,931**	**643,500**	**648,313**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**1,052,227**	**1,075,423**	**1,071,682**

Consolidated Income Statement

(R$ thousand)

	1Q17	4Q17	1Q18	Chg. 1Q18/4Q17	Chg. 1Q18/1Q17
Net Operating Revenue	**146,525**	**194,555**	**132,647**	**-31.8%**	**-9.5%**
Cost of Goods Sold	(110,281)	(137,106)	(97,888)	-28.6%	-11.2%
Gross Profit	**36,244**	**57,449**	**34,759**	**-39.5%**	**-4.1%**
Gross Margin %	*24.7%*	*29.5%*	*26.2%*	0.0%	0.0%
Operating Expenses	**(32,928)**	**(36,177)**	**(34,115)**	**-5.7%**	**3.6%**
Selling expenses	(14,659)	(18,590)	(16,153)	-13.1%	10.2%
Research and development expenses	(4,052)	(4,186)	(3,883)	-7.2%	-4.2%
General and administrative expenses	(12,906)	(13,539)	(13,367)	-1.3%	3.6%
Management profit sharing and compensation	(1,453)	(1,904)	(1,456)	-23.5%	0.2%
Other operating income, net	142	2,042	744	-63.6%	423.9%
Operating Income before Financial Results	**3,316**	**21,272**	**644**	**-97.0%**	**-80.6%**
Operating Margin %	*2.3%*	*10.9%*	*0.5%*	0.0%	0.0%
Financial Results, Net	**(517)**	**1,367**	**1,181**	**-13.6%**	**-328.4%**
Financial income	4,285	2,995	3,478	16.1%	-18.8%
Financial expenses	(4,067)	(2,915)	(2,601)	-10.8%	-36.0%
Exchance gain (loss), net	(735)	1,287	304	-76.4%	-141.4%
Operations Operating Income	**2,799**	**22,639**	**1,825**	**-91.9%**	**-34.8%**
Income tax and social contribution	(735)	(7,787)	11	-100.1%	-101.5%
Net income	**2,064**	**14,852**	**1,836**	**-87.6%**	**-11.0%**
Net Margin %	*1.4%*	*7.6%*	*1.4%*	0.0%	0.0%
Net profit concerning:					
Controlling interests	2,015	14,816	1,799	-87.9%	-10.7%
Non controlling interests	49	36	37	2.8%	-24.5%
EBITDA	**10,829**	**28,948**	**8,892**	**-69.3%**	**-17.9%**
Profit (loss) for the period	2,064	14,852	1,836	-87.6%	-11.0%
Income tax and social contribution	735	7,787	(11)	-100.1%	-101.5%
Financial income, net	517	(1,367)	(1,181)	-13.6%	-328.4%
Depreciation and amortization	7,513	7,676	8,248	7.5%	9.8%
EBITDA Margin %	*7.4%*	*14.9%*	*6.7%*	0.0%	0.0%
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%
Profit per share - R$	0.03	0.24	0.03	-87.9%	-10.7%

Consolidated Cash Flow Statement

(R$ thousand)

	1Q17	4Q17	1Q18
Cash from operating activities			
Net Income before taxation	**2,799**	**22,638**	**1,825**
Financial expenses and exchange gain	2,478	(9,715)	448
Depreciation and amortization	7,513	7,676	8,248
Allowance for doubtful accounts and other receivables	420	(956)	(737)
Proceeds from sale of fixed assets and intangibles	(297)	(1,137)	(684)
Provision for inventory realization	(2,475)	(6,719)	(839)
Reserve for contingencies	(3,511)	1,857	1,553
Change on operating assets and liabilities			
Financial Investments	(534)	(250)	726
Trade accounts receivable	(18,130)	(1,802)	3,043
Onlending of Finame manufacturer financing	16,305	(16,741)	11,737
Inventories	17,028	28,155	(30,502)
Recoverable taxes, net	3,642	6,172	(2,321)
Judicial deposits	(578)	(531)	(1,132)
Other receivables	(1,430)	3,136	731
Trade accounts payable	(7,519)	(928)	13,664
Payroll and related taxes	4,641	(4,405)	(1,610)
Taxes payable	(1,252)	(2,905)	(2,448)
Advances from customers	(122)	(15,856)	(3,601)
Other payables	1,043	1,330	(1,014)
Cash provided by (used in) operating activities	**20,021**	**9,019**	**(2,913)**
Income tax and social contribution paid	(842)	(463)	(279)
Net Cash provided by (used in) operating activities	**19,179**	**8,556**	**(3,192)**
Purchase of fixed assets	(3,394)	(16,094)	(8,800)
Sales of fixed assets	494	2,611	769
Increase in intangible assets	(671)	(5,040)	(8)
Net cash Used in Investing Activities	**(3,571)**	**(18,523)**	**(8,039)**
Interest on capital paid	(113)	-	(8,305)
New loans and financing	1,801	4,515	5,572
Payments of loans and financing	(12,823)	48,882	(9,436)
Interests paid (including Finame manufacturer financing)	(5,020)	(88,656)	(4,954)
New loans in Finame manufacturer	4,759	35,082	11,764
Payment of Finame manufacturer financing	(18,497)	(15,859)	(14,736)
Net Cash provided by (used in) Financing Activities	**(29,893)**	**(16,036)**	**(20,095)**
Increase (decrease) in cash and cash equivalents	**(14,285)**	**(26,003)**	**(31,326)**
Exchange variation changes on cash and cash equivalents abroad	(11)	93	(268)
Cash and cash equivalents - beginning of period	**101,510**	**128,420**	**105,682**
Cash and cash equivalents - end of period	**87,214**	**102,510**	**74,088**

Attachment I – DRE by Business Unit

Demonstração do Resultado Consolidado por Unidade de Negócio - 1Q18

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**61,913**	**29,077**	**41,657**	**132,647**
Cost of Sales and Services	(37,548)	(24,036)	(36,304)	(97,888)
Business Units Transfers	940	-	3,265	4,205
Business Units Transfers	(3,265)	-	(940)	(4,205)
Gross Profit	**22,040**	**5,041**	**7,678**	**34,759**
Gross Margin %	*35.6%*	*17.3%*	*18.4%*	*26.2%*
Operating Expenses	**(22,219)**	**(7,544)**	**(4,352)**	**(34,115)**
Selling	(13,077)	(2,177)	(899)	(16,153)
General and Administrative	(5,200)	(5,367)	(2,800)	(13,367)
Research and Development	(3,883)	-	-	(3,883)
Management profit sharing	(803)	-	(653)	(1,456)
Other operating revenue	744	-	-	744
Operating Income before Financial Results	**(179)**	**(2,503)**	**3,326**	**644**
Operating Margin %	*-0.3%*	*-8.6%*	*8.0%*	*0.5%*
Depreciation and amortization	3,175	1,694	3,379	8,248
EBITDA	**2,996**	**(809)**	**6,705**	**8,892**
EBITDA Margin %	*4.8%*	*-2.8%*	*16.1%*	*6.7%*

Income Statement by Business Units - 1Q17

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**59,313**	**29,869**	**57,343**	**146,525**
Cost of Sales and Services	(37,563)	(23,479)	(49,239)	(110,281)
Business Units Transfers	1,500	-	1,529	3,030
Business Units Transfers	(1,529)	-	(1,500)	(3,030)
Gross Profit	**21,721**	**6,390**	**8,133**	**36,244**
Gross Margin %	*36.6%*	*21.4%*	*14.2%*	*24.7%*
Operating Expenses	**(20,461)**	**(6,452)**	**(6,015)**	**(32,928)**
Selling	(10,842)	(2,497)	(1,320)	(14,659)
General and Administrative	(5,067)	(3,955)	(3,884)	(12,906)
Research and Development	(4,052)	-	-	(4,052)
Management profit sharing	(642)	-	(811)	(1,453)
Other operating revenue	142	-	-	142
Operating Income before Financial Results	**1,260**	**(62)**	**2,118**	**3,316**
Operating Margin %	*2.1%*	*-0.2%*	*3.7%*	*2.3%*
Depreciation and amortization	3,174	1,334	3,005	7,513
EBITDA	**4,434**	**1,272**	**5,123**	**10,829**
EBITDA Margin %	*7.5%*	*4.3%*	*8.9%*	*7.4%*

Attachment II – Financial Statements of B+W

Balance Sheet B+W

(€ 000)

ASSETS	06/30/17	12/31/17	03/31/18
CURRENT	**24,892**	**20,810**	**20,882**
Cash and Cash equivalents	980	1,587	828
Trade accounts receivable	5,562	7,011	4,844
Inventories	16,430	11,372	14,151
Recoverable taxes	1,017	527	681
Related Parties	134	99	82
Other receivables	768	214	296
NONCURRENT	**26,556**	**28,235**	**27,924**
Investments			
Property, plant and equipment	14,569	15,308	15,158
Investment in subsidiaries	46	59	59
Intangible assets	11,941	12,868	12,707
TOTAL ASSETS	**51,448**	**49,045**	**48,806**

LIABILITIES AND SHAREHOLDER'S EQUITY	06/30/17	12/31/17	03/31/18
CURRENT	**17,954**	**14,868**	**15,388**
Trade accounts payable	1,484	953	1,788
Payroll and related taxes	1,489	1,613	1,939
Advances from customers	12,949	10,690	10,172
Other payables	1,708	1,528	1,285
Related Parties	248	84	204
NON CURRENT	**8,154**	**7,979**	**7,795**
Loans and financing	3,382	3,105	2,966
Deferred income and social contribution taxes	4,772	4,874	4,829
SHAREHOLDER'S EQUITY	**25,340**	**26,198**	**25,623**
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	17,810	18,668	18,093
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**51,448**	**49,045**	**48,806**

B+W Income Statement

(€ 000)

	1Q17	4Q17	1Q18
Net Operating Revenue	**8,937**	**15,606**	**7,214**
Cost of Goods Sold	(7,026)	(11,602)	(5,976)
Gross Profit	**1,911**	**4,004**	**1,238**
Gross Margin %	*21.4%*	*25.7%*	*17.2%*
Operating Expenses	**(1,926)**	**(1,925)**	**(1,892)**
Selling expenses	(747)	(786)	(546)
General and administrative expenses	(1,179)	(1,139)	(1,346)
Operating Income before Financial Results	**(15)**	**2,079**	**(654)**
Operating Margin %	*-0.2%*	*13.3%*	*-9.1%*
Financial Results, Net	**(105)**	**(156)**	**(111)**
Operations Operating Income	**(120)**	**1,923**	**(765)**
Income tax and social contribution	35	(641)	189
Net income	**(85)**	**1,282**	**(576)**
Net Margin %	*-1.0%*	*8.2%*	*-8.0%*
EBITDA	**492**	**2,640**	**(121)**
Net income / loss for the period	(85)	1,282	(576)
Income tax and social contribution	(35)	641	(189)
Financial income, net	105	156	111
Depreciation and amortization	507	561	533
EBITDA Margin %	*5.5%*	*16.9%*	*-1.7%*

Statements contained in this release related to the Company's business outlook, projections of operating and financial results, and references to the Company's growth potential are mere forecasts and have been based on Management's expectations regarding its future performance. These expectations are highly dependent upon market behavior, economic conditions in Brazil, the industry and international markets. Therefore, they are subject to changes.